

The Consumers' Gas Company of Toronto



Eighty-Eighth
Annual Report

1936

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The Consumers' Gas Company
 of Toronto
Eighty - Eighth Annual Report
Year ended 30th September, 1936

The Consumers' Gas Company
of Toronto

DIRECTORS

A. R. AULD

T. BRADSHAW

A. H. CAMPBELL

L. GOLDMAN

W. C. LAIDLAW

C. S. MACDONALD

COLONEL J. F. MICHIE

F. G. OSLER

T. H. WOOD

HIS WORSHIP THE MAYOR

EDWARD J. TUCKER

General Manager and Secretary

ARTHUR HEWITT

1868 - 1936

RESOLVED, that the Directors of The Consumers' Gas Company of Toronto desire to place on record their deep regret at the sudden death on the seventeenth of September of their honoured President and General Manager, Arthur Hewitt, who for so long a period rendered such valuable services to the Company.

As Secretary to the Manager from March 16th, 1887; as Accountant from May 7th, 1900; as Assistant General Manager from December 2nd, 1907; as General Manager from November 1st, 1909; as a Director and General Manager from March 4th, 1929; as Vice-President and General Manager from March 17th, 1930, and President and General Manager from November 5th, 1934—an unbroken period of almost fifty years—he brought to bear a broad outlook, a mature experience and a sound judgment that were of great value in the conduct of the Company's business and in the shaping of its policies.

Painstaking, thorough and unremitting in the discharge of his duties, high-minded and honourable in all his transactions, he enjoyed the esteem and confidence of his fellow directors and of the entire community amongst whom he had lived and rendered outstanding public service for so long a time, while his uniform courtesy and kindness and his sympathetic, tolerant and generous spirit secured for him the respect and devotion of the Company's officials and staff.

In his passing, the Company is deprived of the services of an able counsellor and his colleagues lose a loyal associate and sincere friend.

The Directors further desire to express their sympathy with his bereaved widow and family in their affliction.

Resolution adopted by the Board of Directors, September 28, 1936.

Eighty-Eighth Annual Report *of the* Directors *of* The Consumers' Gas Company *of* Toronto

TO THE SHAREHOLDERS:

Your Directors present herewith the Eighty-eighth Annual Report of the operations of the Company, together with the Financial Statements for the year ended September 30th, 1936.

The gross earnings for the year have exceeded by \$101,537.97, the amount required to pay all costs of operation, taxes, interest charges, actual repairs and renewals, and the regular dividend.

The volume of gas sold during the year has equalled that of the preceding year.

The value of residuals, Coke, Tar and Ammonia, produced during the year was slightly lower than that of the previous year, due in part to the smaller quantity of coal carbonized. The prices obtainable for the Company's production of Coal Tar and Oil Tar have for the past three years been much below the prices received in former years. Any improvement in the business of the Tar Distillation Industry should soon result in the Company receiving a higher return for its tar production.

The sales of gas appliances by the Commercial Department have been very satisfactory in volume, being ten per cent. greater than those of last year and fifty-one per cent. greater than the sales of 1934.

Operating Expenses, exclusive of Taxes, have amounted to \$4,690,809.19, a decrease when compared

with 1935 of \$106,243.38. Constant effort has been put forward by your Directors throughout the year to effect all reasonable economies in items of operating cost, without sacrificing efficiency or quality of the service rendered to our consumers.

Taxes, including Dominion Income Tax, Ontario Corporations Tax, Workmen's Compensation Tax and Municipal Property Tax, chargeable to the operations of the year have amounted to \$509,560.65, an increase over last year of \$19,047.25.

The amount paid by the Company for Customs Duties, Excise Tax, Sales Tax, Fees and Licenses, during 1936 was \$351,254.10.

During the year the Dominion Income Tax on Corporations was increased from 13.5 per cent. to 15 per cent. and the Sales Tax was increased from 6 per cent. to 8 per cent.

The following tabulation shows the rates of various forms of taxes for the years 1930 and 1936, and strikingly illustrates the upward trend of taxation which has taken place in the past six years:

	1930	1936
Dominion Income Tax.....	8%	15%
Ontario Corporations Tax.....	0.5%	1.5%
Workmen's Compensation Tax.....	0.9%	1.2%
Toronto—Property, Business and Income Tax.....	31.8 Mills	34.85 Mills
Customs Duty on Coal.....	50c. per ton	75c. per ton
Sales Tax.....	1%	8%
Excise Tax on Imports.....	none	3%

Had the rates for the year 1930 on the items enumerated been effective during 1936, the Company's tax bill for 1936 would have been lower by \$231,376.00.

There were no important construction projects undertaken during the year. The manufacturing plant, distribution system and other properties of the Company have been well maintained in good physical and operating condition. Expenditures on repairs and renewals have amounted to \$496,307.98.

The coke handling machinery in the Coke Storage Building at Station "B" Works has been reconstructed and extended to effect improvement in the arrangements for the sizing and preparation of coke for the market.

The Meter Repair Shop and Testing Rooms located in the Company's building on Mutual Street have been entirely remodelled, and where advisable, new and modern equipment has been installed to replace the older and less efficient units. More than 35,000 meters pass through the meter shop and testing rooms annually.

The Directors have to record with deep regret the death on the 17th of September of their honoured President and General Manager, Arthur Hewitt, who for a period of almost fifty years, rendered valuable services to the Company. Mr. Hewitt entered the service of the Company in March, 1887, was appointed General Manager in November, 1909, was elected a Director on March 4th, 1929, Vice President on March 17th, 1930, and President on November 5th, 1934.

At a meeting of the Directors held on September 28th, Mr. Thomas Bradshaw, who has served on the Board of Directors since April, 1930, was elected to the office of President.

The vacancy on the Directorate caused by the death of Mr. Hewitt was filled by the election to the Board of Mr. Walter C. Laidlaw.

All of which is respectfully submitted.

T. BRADSHAW,
President.

The Consumers' Gas Company *of* Toronto

Statement of Income and Profit and Loss For Year Ended September 30th, 1936

GROSS EARNINGS:

Gas Sales.....	\$5,226,762.95
Residuals Produced.....	1,640,059.68
Merchandise Sold.....	252,897.64
Miscellaneous Revenue.....	6,383.72
	\$7,126,103.99

Production, Distribution and Administration

Expenses and Taxes.....	5,200,369.84
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NET EARNINGS.....	\$1,925,734.15
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INTEREST EARNINGS, NET.....	77,631.80
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\$2,003,365.95

Dividends on Capital Stock.....	1,405,520.00
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\$597,845.95

Transferred from Reserve Fund.....	463,287.85
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\$1,061,133.80

Transferred to Plant and Buildings Renewal Fund	<u>\$1,061,133.80</u>
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The Consumers' Gas

Balance

September

LIABILITIES

Capital Stock.....	\$14,055,200.00	
Reserve Fund:		
Amount at Credit October 1, 1935.	\$6,425,723.37	
Transferred to Profit and Loss,		
September 30, 1936.....	463,287.85	
		5,962,435.52
Plant and Buildings Renewal Fund:		
Amount at Credit October 1, 1935.	\$4,371,635.97	
Less Repairs and Renewals.....	496,307.98	
	\$3,875,327.99	
Appropriation from Earnings,		
Authorized by Statute.....	1,061,133.80	
		4,936,461.79
Reserved for Dividend No. 346.....		351,380.00
Provision for Dominion Government and other Taxation		81,621.63
Accounts Payable.....		454,356.34
Bank Advance.....		495,040.35
		<u>\$26,336,495.63</u>

Approved on behalf of the Board of Directors.

(Signed) T. BRADSHAW,
President.

(Signed) EDWARD J. TUCKER,
General Manager.

Company of Toronto

Sheet

30th, 1936

ASSETS

Real Estate, Plant and Equipment.....	\$22,093,925.36
Investment in Dominion of Canada, Province of Ontario and City of Toronto Debentures.....	1,989,860.99
Materials and Supplies.....	1,318,690.04
Cash in Bank and Offices.....	15,118.00
Accounts Receivable, after making provision for Doubtful Accounts.....	775,991.80
Interest Accrued, not due.....	37,074.13
Prepaid Taxes and Insurance.....	105,835.31

\$26,336,495.63

We have audited the accounts and vouchers of The Consumers' Gas Company of Toronto, for the year ended September 30th, 1936. Our requirements as Auditors have been complied with and in our opinion the above Balance Sheet sets forth a correct statement of the Company's affairs as shown by its books.

(Signed) W. E. SAMPSON, C.P.A. }
EDMOND GUNN, F.C.A. } *Auditors.*

TORONTO, OCTOBER 29TH, 1936.

Proceedings *of the* Eighty-Eighth Annual Meeting

The Eighty-eighth Annual General Meeting of the Shareholders of The Consumers' Gas Company of Toronto, was held at the Company's Auditorium, 55 Adelaide Street East, on Monday, November 9th, 1936, at noon.

Present: A. R. Auld, W. A. Bark, T. G. L. Barnes, A. M. Bethune, Mrs. Winifred M. Blizard, Thomas Bradshaw, Jas. Carolan, F. W. Coyne, Mrs. J. Phyllis Craig, S. G. Curry, J. H. Ewart, Walter Gillespie, L. Goldman, S. H. B. Grasett, Lt.-Colonel W. D. Greer, B. H. Hills, C. A. Jefferis, John Jeffries, John C. Jones, Mrs. M. M. Jones, Thos. E. Knowlton, Mrs. Emma Lamont, Thos. B. Lee, J. J. Linton, Mrs. Nora K. Locke, F. G. Logan, C. S. Macdonald, L. J. McGuinness, Colonel J. F. Michie, Miss G. J. Miller, Sir William Mulock, F. G. Osler, Mrs. Mildred V. Parker, J. P. Patterson, W. E. Robertson, Acting Mayor W. D. Robbins, C. A. Ross, A. G. Saunders, Jas. D. Shields, Miss Florence E. Spragge, Miss Bella Struthers, T. F. R. Struthers, W. J. W. Tafts, W. M. Tafts, H. B. Tindall, Edward J. Tucker, J. D. Von Maur, Joseph Walmsley, John Watt, Walter Whitem, A. T. Wilgress, Miss Helen Wilkinson, Thos. H. Wood.

The President, Mr. T. Bradshaw, was called to the Chair.

The General Manager, Mr. Edward J. Tucker, presented the Annual Report of the Directors and the Financial Statements.

In moving the adoption of the Annual Report of the Directors, the President said:

"I regret very much that my first duty is to refer to the great loss we have sustained in the death of Mr. Arthur Hewitt, our late President and General Manager. His

sudden passing on September 17th last was a distinct shock to all of us. Mr. Hewitt not only devoted fifty years of his life to the interests of this Company, but also gave generously of his experience and ability to furthering the progress of the gas industry generally. He was always prominent in public welfare work and in many movements from which the City benefited. The large number of eloquent tributes which appeared in the press and in trade publications, expressed the universal regret felt at his death.

"It is worthy of note that during the eighty-eight years of its corporate life, this Company has had only three General Managers:

Henry Thompson	(1848-1875)	27 years
W. H. Pearson	(1875-1909)	34 years
Arthur Hewitt	(1909-1936)	27 years

"These three men contributed to the Company a total of 132 years of service.

"In succession to the late Mr. Hewitt, the Directors have appointed to the position of General Manager, Mr. Edward J. Tucker, formerly Assistant General Manager and Secretary. Mr. Tucker entered the service of the Company in 1910, was appointed Assistant to the General Manager in 1928, and Assistant General Manager in 1930. His long and intimate knowledge of the affairs and operations of the Company, combined with administrative qualifications of a high order, eminently fit him for the duties of the important office to which he has been appointed.

"The report for the past year, now before you, will, I think, be considered a satisfactory one. Many of the difficulties of the past few years still confront us. Increased taxation, the details of which are set out in the report, further additions to the cost of coal at the mines—an item over which the Company has little control—and the continued necessity for the exercise of economy in the use of gas on the part of many gas consumers, are all matters of vital concern to which close attention is constantly being given.

"The relations existing between the Company and its customers have been most satisfactory, and every effort is being put forth by the Company's officers and employees to make the service rendered as perfect as possible.

"Upon completion of the changes in the layout of our Meter Shops, the Company sought the opinion of Mr. Norton McKean, Manager of the American Meter Company at Albany, N.Y., a man well known in the gas industry as an authority on meter shop practice. In his report on his inspection, he states as follows:

'General condition of meters—good. . . Condition of your meter shop was excellent. Proving room for your own meters and that of the Government Inspectors—excellent. Gas conditions are remarkable. . . I know of no gas company that has any better general gas conditions.'

"Mr. McKean's report reflects great credit upon those responsible for the technical control of the manufacturing plant. To receive such commendation of our operations must be most gratifying to the Shareholders as it has been to your Directors.

"It is no doubt a matter of satisfaction to our Shareholders to know that the whole property and plant of the Company is entirely free from mortgage or encumbrance of any kind, the Shareholders alone being the owners.

"I know you will all join with me in expressing regret at the absence from our meeting today of His Worship Mayor McBride, who, for the past few months, has been suffering from a rather severe illness. This morning, in your name, a message was sent to him conveying our regard and expressing our sincere hope for early improvement in his health.

"We are very pleased to have with us this morning Acting Mayor Robbins, who has been in attendance at our Board meetings in the absence of His Worship the Mayor.

"Most of you probably know that since the year 1905 the Mayor of the City of Toronto has been, ex-officio,

a Director of the Company—and I should like to say that the presence of successive Mayors at the meetings of the Board has been most welcome, and the assistance which they have been able to contribute to our deliberations, as a result of their experience in public affairs, has been most beneficial to the Company.

“In conclusion, I should like to express, on behalf of the Directors, our entire approval of the manner in which the officers and employees have carried out their several duties during the year. They have exercised more than ordinary vigilance and care in dealing with the public, and it is largely due to their efforts that the Company is so highly regarded in the community.”

Seconding the Resolution for the adoption of the Report, Colonel J. F. Michie said:

“I wish to express my regret at the absence of the Vice-president, Mr. Campbell. I am glad to say that he has been able to attend Board and Executive meetings regularly this Fall, but did not feel quite equal to taking his place on the platform today on account of lameness. I also wish to associate myself with what has been said about Mr. Hewitt, at whose elbow I sat for nineteen years on the Board. He was a man of many parts and his passing is a loss not only to this Company but a distinct loss to the community at large.

“Your Directors were more than pleased that Mr. Thomas Bradshaw, although a very busy man, consented to take Mr. Hewitt’s place as President. No man enjoys more public confidence than Mr. Bradshaw and I am sure your interests will be safe in his hands.

“Then we were singularly fortunate that we had in Mr. Tucker, a man already thoroughly trained under Mr. Hewitt for the managership. In fact, it is betraying no confidence to say that in perhaps another year it was Mr. Hewitt’s intention to relinquish this part of his duty, leaving the managership entirely in Mr. Tucker’s hands. He is thoroughly familiar with the Company’s affairs in all its departments and has spent practically all his life in its service. He enjoys the full confidence of the Directors and I am sure of the whole staff.

"The affairs of the Company will be fully covered by the remarks of the President and General Manager, but I would like to say a word regarding the efforts made by the Company toward popularizing the use of gas in the home. For some time it had been realized that in the older sections of the City, conditions were such that it was impossible to give proper service. In many cases additional gas appliances had been installed over a period of years which made the supply of gas from the original piping insufficient to obtain the best results. Some eight years ago, the Company set out to correct this situation and embarked on a programme of rehabilitation work.

"One section of the City has been taken at a time and thoroughly investigated. Up to date over 30,000 premises have been examined. Where necessary, the service and house pipes have been cleared and in some cases reconstructed and many thousands of gas burners have been adjusted. All this has been done without charge and we have received thousands of letters expressing satisfaction at the improvement in service after our men had completed their work. Recently the Company has added another service known as the Kitchen Modernization Service, which consists of advising and, if required, preparing drawings on remodelling, decorating and equipping kitchens and this is also, of course, without charge.

"You have only to glance at the back of this platform to see the wonderful change that has taken place in the modern kitchen in recent years. In fact we might say that today we are holding our Annual Meeting in the kitchen.

"Our Shareholders would be well repaid by a visit to the Company's showrooms where they will always be welcome.

"I have much pleasure in seconding the resolution for the adoption of the Report."

The General Manager being called upon, said:

"I am very appreciative of the honour that the Directors have conferred upon me in appointing me to the position of General Manager of the Company, and I am

deeply conscious, not only of the responsibilities pertaining to that position, but also of the difficult task one faces in succeeding a man of Mr. Hewitt's attainments and personal qualities. I would like to bear witness here to the genuine regret felt by employees of all ranks at his passing.

"From the report now before you, it will be observed that the earnings for the year have been sufficient to cover all operating expenses, repairs, taxes, and the payment of the regular dividend, and to add to the Company's funds a net amount of \$101,537.97.

"All possible contingencies have been provided for in the accounts. Liberal allowance has been made to cover anticipated losses from uncollectible bills, and provision has been made for all known taxes and other charges.

"The assets appear on the Balance Sheet at figures which represent actual cost to the Company on their acquisition. There has never been any writing up of values resorted to. The inventories of materials and supplies have been very conservatively stated, both as to quantities and values.

"At last year's meeting, the Chairman, in moving the adoption of the Report, told you something of the establishment at Cleveland some ten years ago by the American Gas Association, of a testing laboratory costing some \$1,250,000.00, the chief functions of which were to develop standards of construction and performance for all types of gas-burning appliances, and to prosecute a programme of research into problems of gas production, gas distribution and gas utilization.

"This great co-operative effort toward improvement in gas appliance design and construction has placed the gas industry definitely in a better position with respect to the competition constantly being offered by other fuels. In this connection, one must not overlook the splendid contribution that has been made by manufacturers in designing and building modern gas appliances which are unequalled for their operating efficiency and their attractive appearance.

"It has been recognized by the gas industry generally that many of its problems can be met only by a national approach and with the interest and practical co-operation of each individual company. Actuated by this thought, the American Gas Association during the past year embarked upon a programme of national advertising, with the object of promoting public acceptance of gas as the modern efficient fuel for all household, industrial and commercial purposes for which heat is required.

"The programme contemplates the spending of \$500,000.00 each year, for three years. Full-page colour advertisements will appear in the leading women's and family magazines. In all, nearly ninety-one million full-page colour messages will go to the public each year. All of these magazines have a large circulation locally, which should add effectiveness to the Company's own advertising copy and materially assist this Company in its efforts to strengthen its position by inviting attention to the many advantages provided by the use of gas in the home.

"Modern business cannot long exist without sales and promotion efforts. Like all other industries, the gas industry must be prepared to meet the challenge of competition and of changing trends, and be able to adapt itself to new demands and conditions.

"The realization of this truth some years ago lead to the establishment by this Company of its Sales, Service and Publicity departments, and to the reorganizing and strengthening of those departments from time to time as the need for such became apparent. Today the Sales department personnel numbers seventy men, each of whom has passed through one or more instructional courses in some phase of gas utilization, either Domestic or Industrial, or in one of the specialized applications of gas such as House-heating, Bread-baking and Refrigeration. These men are actively engaged in promoting the use of gas in the respective fields assigned to them.

"In recent years there have been effected unusual improvements in efficiency and performance, and in general adaptability of industrial gas equipment to the needs of manufacturing processes. The services of men

specially skilled in such matters are retained by the Company for consultation with manufacturers in the solution of their heating problems.

"The importance of branch showrooms as a means of bringing our service to the notice of the public, has been fully appreciated, and because of the local character they possess, they are of great value in maintaining close contact between the Company and its customers. The Company's showrooms located at Danforth and Eaton Avenues, and at Yonge Street and St. Clements Avenue, have amply demonstrated their usefulness in these respects.

"The Home Service department plays an important part in the sales activities of the Company. To interest homemakers in the art of cooking and modern theories of food values, and to educate them in the efficient and economical use of their gas appliances, demonstration lectures are given in this auditorium and in the auditorium of our North Toronto showroom. The total registered attendance at these lectures of 40,000 per season, is conclusive proof of the interest and goodwill they create.

"In this work, the rising generation has not been overlooked. Classes for Girl Guides are held on Saturday mornings during the winter season, with an average attendance of 250 girls. During the Easter holidays, practical and written examinations are conducted in this room, at which last year 85 per cent. of the candidates were successful in obtaining the 'Cook's Badge.'

"This Company has a long record of high achievement. By keeping abreast of advances in methods of gas production and distribution, we have been able to effect progressive improvement in the service rendered to our customers. Complaints of inadequate or faulty service are indeed rare today.

"Notwithstanding the keen competition we have to face, I am satisfied that the future for gas is as bright as ever, provided the Company maintains good service and is organized and prepared to go out and get the business that rightfully belongs to it.

"I should like to thank the President for his kindly reference to the efforts of the staff during the past year."

Sir William Mulock, speaking in support of the Resolution for the adoption of the Report, referred to the circumstances and the course of events which led up to the passing on April 23rd, 1887, by the Legislative Assembly of the Province of Ontario, of an Act extending the Powers of the Company. He reviewed the important provisions of the Act which he said had been agreed upon between representatives of the City of Toronto and the Company, and which were designed to automatically regulate the price of gas to consumers. Sir William recalled the fact that he was the Company's solicitor at the time of the passing of the Act in 1887 and stated, that in his opinion its terms were fair both to the consumers and the Company and had worked well for fifty years.

Sir William spoke in complimentary terms of the Annual Report and congratulated the President, Directors and Officers of the Company on the outcome of the year's operations.

The Resolution for the adoption of the Report was carried unanimously.

Messrs. W. E. Sampson, C.P.A., and Edmond Gunn, F.C.A., were reappointed Auditors for the ensuing year.

On motion of Mr. John Watt, seconded by Mr. James D. Shields, it was unanimously resolved: "That the Shareholders present record their deep regret and their feeling of personal loss at the death on September 17th, 1936, of Mr. Arthur Hewitt, President and General Manager of the Company."

Messrs. W. Gillespie and F. G. Logan, being appointed Scrutineers, reported the unanimous election of the following gentlemen as Directors for the ensuing year: A. R. Auld, T. Bradshaw, A. H. Campbell, L. Goldman, W. C. Laidlaw, C. S. Macdonald, Colonel J. F. Michie, F. G. Osler, and T. H. Wood.

At a meeting of the Board held subsequently, Mr. T. Bradshaw and Mr. A. H. Campbell were unanimously re-elected President and Vice-President respectively for the coming year.

